

AAMJ/20-00678

14 March 2022

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Dear Caroline,

Re: Land at North West Bicester (21/01630/OUT) viability offer. Commercially sensitive and confidential - Draft

We have been instructed by Firethorn Trust (the applicant) to provide a collection of draft affordable housing offers in relation to their proposed scheme at Land at North West Bicester. In October 2021, we submitted a Financial Viability Assessment (FVA) to HLD (your Consultant) which assessed the viability of the proposed scheme based on the following scenarios:

1. North West Bicester Traditional House Building Costs - no extra-over costs associated with Future Homes Standards or True Zero Carbon.
2. House Building Costs based on Future Homes Standard (FHS).
3. House Building Costs based on True Zero Carbon (TZC).

We relied upon a Cost Estimate provided by Gardiner and Theobald in appraising the above scenarios to establish the level of affordable housing and s106 contributions that could be viably delivered.

Since the submission of our FVA, G & T have been in negotiations with the Council's appointed Quantity Surveyor, RLF, regarding the assumptions and calculations that informed the build cost estimate. Following these negotiations, RLF have provided a cost estimate to the Council's viability consultant, HLD, who are now in the process of drafting their viability report.

G & T have also provided an updated Cost Estimate to the applicant, which confirms that total build costs have decreased by £5.66 million from the Cost Estimate submitted with the FVA. Whilst HLD draft their viability report in the background, this letter outlines our estimated calculations on the likely viable levels of affordable housing and S106 contributions when delivering a True Zero Carbon (TZC) development based on the updated cost estimate provided by G & T.

The concept of a TZC development has been embedded into the Council's strategies and policy since it appeared in the PPS1 Supplement on Eco-Town standards. The Local Plan Policy Bicester 1 requires a sustainable energy strategy to ensure the North West Bicester residential/mixed use allocation meets the high standards of a TZC development as defined in the policy. Grid electricity has significantly decarbonized since the last update of Part L and the new updated emission factors incorporated into Part L of the Building Regulations has a significant impact on the technologies generating on-site electricity.

We have seen from the Exemplar development that the use of technologies such as gas-CHP (combined heat and power) would not now comply with the Council's Policy and therefore the challenge for any future planning applications at North West Bicester is the delivery of an energy strategy that considers renewable technologies to achieve the policy requirement on true zero carbon. The cost of delivering the Council's TZC policies which are included in the proposal amounts to £17.4m - with a further £543,000 for carbon off-setting - which is a 30% increase in the overall cost associated with a standard form of development. However, these abnormal costs associated with delivering all of the forward-thinking future proofed TZC requirements make the challenge of delivering all of the Council's affordable housing requirements and the s.106 contributions identified impossible.

Based on the above, the applicant is able to put forward the following draft affordable housing and s106 contribution offers:

- 15% Affordable housing (delivered as 100% shared ownership tenure) and s106 contribution of £0.8 million
Or
- 10% Affordable housing (delivered as 100% shared ownership tenure) and s106 contribution of £1.7 million.
Or
- 5% Affordable housing (delivered as 100% shared ownership tenure) and s106 contribution of £2.1 million.
Or
- 100% Private housing and s106 contribution of £3.2 million.

These draft offers are put forward on the understanding that there will be a review mechanism for affordable housing in the s106 agreement and based on the caveats above. This is an interim draft offer for discussion pending the final receipt of reports.

This document outlining the above draft offers is commercially sensitive and confidential and therefore it cannot be released into the public domain as a draft document which has a qualified exemption from disclosure under the Freedom of Information Act.

We look forward to receiving feedback from Officers and Members on the above draft offers.

Yours sincerely,

Archie Mackay-James

Archie Mackay-James (Mar 24, 2022 11:32 GMT)

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Land at North West Bicester Viability offer - Commercially sensitive and Confidential - Draft

Final Audit Report

2022-03-14

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